

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY; AQUILA, INC., d/b/a AQUILA NETWORKS; INTERSTATE POWER AND LIGHT COMPANY; AND ATMOS ENERGY CORPORATION	DOCKET NOS. TF-03-427, TF-03-428, TF-03-429, TF-03-447 (NOI-98-3)
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ORDER APPROVING COMPLIANCE TARIFFS

(Issued November 17, 2003)

On July 18, 2003, the Board issued its "Order Rejecting Draft Tariffs and Closing Inquiry" in Docket No. NOI-98-3. The order closed the Board's inquiry into the development of a comprehensive plan to allow small volume customers, including residential customers, to transport natural gas. As part of the closing of the inquiry, the Board directed each of the rate-regulated natural gas utilities to file tariffs in compliance with 199 IAC 19.14(6)"g" on or before September 15, 2003. Paragraph 19.14(6)"g" requires each natural gas utility to file tariffs establishing replacement cost for natural gas in the event of supply failure for small volume transportation customers. Small volume customers are defined in subrule 19.14(1) as "any end user whose usage does not exceed 25,000 therms in any month and does not exceed 100,000 therms in any consecutive 12-month period."

Paragraph 19.14(6)"g" is applicable to small volume transportation customers only and is intended to provide these customers with a specific option in the event

that their competitive natural gas provider fails to provide service. The tariffs are to provide small volume customers who wish to continue to transport natural gas, but who have had their supply of natural gas interrupted, with a rate at which they may continue to obtain natural gas from the utility. This rule requires the utility to credit all replacement cost revenue to the purchased gas adjustment factor to ensure system customers are not disadvantaged by the provision of this service. This paragraph and the proposed tariffs are not intended to, and do not, address the situation where the customer decides to discontinue transporting and return to system gas.

Proposed tariffs have been filed by MidAmerican Energy Company (MidAmerican), Docket No. TF-03-427; Aquila, Inc., d/b/a Aquila Networks (Aquila), Docket No. TF-03-428; Interstate Power and Light Company (IPL), Docket No. TF-03-429; and Atmos Energy Corporation (Atmos), Docket No. TF-03-447. The Board addresses each of the proposed tariffs below.

MidAmerican, TF-03-427

MidAmerican filed its compliance tariff on September 12, 2003, and filed a revision on October 3, 2003. MidAmerican's proposed tariff includes a new section titled "Interruption of Service." Under this section, small volume customers will be allowed continued gas service in the event of supply failure and will be charged MidAmerican's existing Firm Supply Standby Service rate. These small volume customers will only be subject to the rates of this service, not the other terms of the service applicable to large volume transportation customers. Terms that will not be

applicable to these customers include a minimum term of service of one year and ongoing firm capacity requirements.

Aquila, TF-03-428

On September 15, 2003, Aquila filed its compliance tariff. A revision was filed on October 13, 2003. In the proposed tariff, Aquila has added a new paragraph defining its replacement gas service for small volume transportation customers. In the event that a small volume transportation customer experiences supply failure, the customer will be allowed to receive service under Aquila's existing System Supply Reserve Service rates. These small volume customers will only be subject to the rates of this service, not the other terms of the service. The terms in the existing tariff that will not be applicable to small volume customers include a minimum term of service of six months and ongoing firm capacity requirements. Small volume customers will be allowed to continue this service until they have obtained an alternate source of gas supply.

IPL, TF-03-429

On September 15, 2003, IPL filed compliance tariffs and on October 9, 2003, and October 29, 2003, IPL filed revisions to the proposed tariff. The revisions specifically state that the monthly balancing provisions in the existing tariff are the only provisions applicable to small volume transportation customers.

Atmos, TF-03-447

On September 26, 2003, Atmos filed its compliance tariff, and on October 22, 2003, Atmos filed a revision to the proposed tariff. The revision specifically provides

that the daily scheduling fees and cash out of monthly imbalances are the only provisions in the existing tariff that are applicable to small volume transportation customers.

DECISION

With the revisions filed by the utilities, each of the proposed tariffs specifically addresses how small volume customers will be charged for natural gas in instances of supply failure. The structure of each of these proposals ties the rate to be charged for replacement gas to market prices. As required, each provision indicates that any revenue received will be credited to the system cost of gas through the purchased gas adjustment factor. These two aspects of the provisions should protect system customers from experiencing increased natural gas costs due to offering this service to small volume transportation customers.

The Board finds that the proposed tariffs, as revised, comply with the requirements of 199 IAC 19.14(6)"g" and should be approved. The proposed tariffs offer small volume customers continued transportation service in the event of supply failure. It is the Board's understanding that the chance of a small volume transportation customer experiencing supply failure are remote and the Board is unaware of any instance of supply failure for small volume gas customers. If circumstances in the small volume natural gas market in Iowa change, utilities have the flexibility to propose revisions to these provisions at that time.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. The proposed tariff filed by MidAmerican Energy Company, Docket No. TF-03-427, on September 12, 2003, as revised on October 3, 2003, is approved.
2. The proposed tariff filed by Aquila, Inc., d/b/a Aquila Networks, Docket No. TF-03-428, on September 15, 2003, as revised on October 13, 2003, is approved.
3. The proposed tariff filed by Interstate Power and Light Company, Docket No. TF-03-429, on September 15, 2003, as revised on October 9, 2003 and October 29, 2003, is approved.
4. The proposed tariff filed by Atmos Energy Corporation, Docket No. TF-03-447, on September 26, 2003, as revised on October 22, 2003, is approved.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 17th day of November, 2003.